

GENERAL COMMENTS and PRICE ESTIMATES

Note: We may add to this list of General Comment and Price Estimates during the year. If we do so, then we will date them accordingly.

1. Prediction: 2006 will be a good year for Traders. Weakness in the in first half will provide a good buying opportunity. The second half of the year looks like it will be stronger than the first half. Inspired by: Mirror Image charts and Directional Indicators Analysis.
2. Prediction: There is a 68% probability that the market will descend at least -9% to test last years October lows. Inspired by: Three Peaks followed by Domed House (3PDH) analysis.
3. Prediction: The market will produce both important time highs and time lows this year. It is more likely that the high will precede the low. Inspired by Basic Advances and Basic Declines analysis and George Lindsay 15 year and 12 year counts.
4. Prediction: A cyclical bear market will be underway before the end of 2006. Inspired by: (Comment published 12/31/2003) "The longest (cyclical) bull market, relative to the method of Basic Advances and Basic Declines, was 1492 days long. 1,492 days forward from the 10/9/2002 low locates 11/9/2006 as the potentially latest date to end the current bull market (or Basic Advance)." This statement applies more for indices like the New York Stock Exchange Composite (NYSE), which recently made all-time highs, and not necessarily for the DJIA.
5. Prediction: The NASDAQ will not recover 50% of its previous bear market down trend during the present market ascent. Inspired by: Historical statistics. This prediction originated in our January 2004 *TAP* report.
6. A bull market in Gold began in the year 2000. In December 2002, we predicted that while the gold bull market was already two years old, it was still only the beginning of a major advance that will continue for many more years. At this time, our prediction for a major advance remains the same, so managers should buy gold securities during any weakness.
7. The DOLLAR is likely to descend to at least 86.02, most probably during the first half of 2006. Inspired by a 3PDH pattern.

DIRECTIONAL DETAILS

1. The rally that began in October 2005 will run into resistance during the second half of January. An intermediate-term top will be visible no later than February.
2. The month of January has the least number of important forecasting data readings for any month in 2006. Nevertheless, a high of short- to intermediate-term importance will begin to form during the second half of the month.
3. February will be mostly weak with the exception of short-term strength during the first few days and just before month end.
4. A low will form during the first two weeks of March. Next, the market will become choppy and indecisive, but ultimately resolve downward into the first three weeks of April to form a bottom of perhaps intermediate-term importance.
5. During the last week of April and the first week of May the market will move upward quickly, but this will be interrupted by weakness for the remainder of May and the first week of June. This weakness is likely to only stunt the preceding quick rally, unless the Long-Term Trend has begun to show signs of serious deterioration by that time.
6. Mid-June through late August is ruled by strength. An intermediate-term upswing will be apparent during that time period.
7. Late June may not provide a hardy rally, because abundant weakness in close proximity opposes strength in the middle third of July, making for a potentially choppy ascent. Notably, though, July 21st marks the cessation of weakness and the start of steady, uninterrupted strength. The strength will intensify in August until a top is formed in late August or early September.
8. Late August and early September will be choppy. Strength takes a holiday between Labor Day and October 10th, during which time weakness is expected to influence the market. It appears as though it will be a choppy, downward-drifting affair.
9. The middle third of October will be strong, but abruptly become a choppy ascent. The choppy ascent will continue as such until around November 17th when a steadier ascent will be revealed.
10. There will be some strength in early December just before a weaker period. December will end with short-term strength very close to month-end.

